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THIRTY-FIFTH

Annual Report · 1959

GENERAL OUTDOOR ADVERTISING CO., INC.



The next Annual Meeting of Stockholders
will be held at 2:00 P.M. on Wednesday,
April 13, 1960 at the Company's Registered
Office, 117 Main Street, Flemington, N. J.

THIRTY-FIFTH

Annual Report • 1959

GENERAL OUTDOOR ADVERTISING CO., INC.

DIRECTORS

ALEXANDER L. BAUERS, *Vice President*,
General Outdoor Advertising Co., Inc.

CUSHMAN B. BISSELL, *Attorney*,
Lord, Bissell & Brook, Chicago, Illinois

CHARLES R. BRENCHEY, *President*,
Claude Neon General Advertising Ltd., Montreal, Canada

GEORGE W. CASPARI, *Vice President in Charge of Branch Operations*,
General Outdoor Advertising Co., Inc.

JOSEPH J. HAIL, *Vice President, Regional Director and Richmond Branch Manager*, General Outdoor Advertising Co., Inc.

JOSEPH L. HANNA, *Indianapolis Branch Manager*,
General Outdoor Advertising Co., Inc.

BEALL HART, *Vice President, Regional Director and Denver Branch Manager*, General Outdoor Advertising Co., Inc.

EDWARD F. HAYES, *Partner*,
Glore, Forgan & Company, New York, New York

DONOVAN M. OLSON, *Treasurer and Secretary*,
General Outdoor Advertising Co., Inc.

BURR L. ROBBINS, *President*,
General Outdoor Advertising Co., Inc.

ARTHUR RUBLOFF, *Chairman*,
Arthur Rubloff & Co., Real Estate, Chicago, Illinois

EXECUTIVE COMMITTEE

BURR L. ROBBINS, *Chairman*

ALEXANDER L. BAUERS

GEORGE W. CASPARI

DONOVAN M. OLSON

OFFICERS

BURR L. ROBBINS, *President*

ALEXANDER L. BAUERS, *Vice President*

GEORGE W. CASPARI,
Vice President in Charge of Branch Operations

JOSEPH J. HAIL, *Vice President*,
Regional Director and Branch Manager

BEALL HART, *Vice President*,
Regional Director and Branch Manager

DONOVAN M. OLSON, *Treasurer-Secretary*

CORPORATE DATA

General Office of the Corporation
HARRISON AND LOOMIS STREETS
Chicago 7, Illinois

Registered Office of the Corporation
117 MAIN STREET, Flemington, New Jersey

General Counsel
LORD, BISSELL & BROOK, Chicago, Illinois

Auditors
PRICE WATERHOUSE & CO., Chicago, Illinois

Registrar of Stock
THE CHASE MANHATTAN BANK,
New York City

Transfer Agent for Common Stock
FIRST NATIONAL CITY TRUST COMPANY,
New York City

FINANCIAL HIGHLIGHTS . . .

	1959	1958	1957	1956	1955
● Sales	\$41,781,699	\$39,829,851	\$38,483,717	\$33,426,896	\$31,678,312
● Net Earnings from Operations	\$ 2,923,571	\$ 2,526,470	\$ 2,832,264	\$ 2,503,936	\$ 2,386,044
● Earnings Per Share Common Stock	\$ 2.44	\$ 2.125	\$ 2.375	\$ 2.14	\$ 1.89
● Dividends Per Share Common Stock	\$ 1.225	\$ 1.20	\$ 1.20	\$ 1.125	\$ 1.00
● Earnings Retained in the Business	\$10,138,830	\$17,680,546	\$16,477,846	\$15,056,327	\$16,350,336
● Capital Expenditures for Display Plant, Real Estate, Machinery and Equipment	\$ 5,527,575	\$ 3,631,988	\$ 4,409,589	\$ 3,701,570	\$ 3,520,955
● Working Capital	\$ 5,029,799	\$ 7,083,520	\$ 6,701,202	\$ 6,701,386	\$ 6,737,115
● Book Value Per Share Common Stock	\$ 23.45	\$ 22.285	\$ 21.25	\$ 20.09	\$ 18.63

Above figures are adjusted to reflect 100% stock dividend distributed December 10, 1959.





To the Stockholders

of General Outdoor Advertising Co., Inc.

1959

marked General Outdoor Advertising Company's 35th year and it is most gratifying at this time to report another year of progress. In last year's report I said, "We are confident that 1959 will see a resumption of the trend of expanding use of outdoor advertising in all its phases. We are certain that your Company will enjoy its proportionate share of this increased use." Our actual experience in 1959 has confirmed this forecast.

THE YEAR IN BRIEF

Sales and earnings reached an all time high in 1959.

Consolidated net sales for 1959 were \$41,781,699 as compared to \$39,829,851 for 1958.

Net earnings for the year amounted to \$2,923,571 as compared to \$2,526,470 for 1958. This was \$2.44 per common share on the new basis as compared to \$2.125 per share for 1958. (\$4.88 per share on the old basis as compared to \$4.25 per share for 1958.)

DIVIDENDS

The regular cash dividend of sixty cents a share was paid in each of the first three quarters in 1959. This was increased to sixty-five cents in the fourth quarter of 1959 for a total cash dividend of \$2.45 per share in 1959. (\$1.225 on the new shares outstanding).

The Board of Directors at a meeting held October 22, 1959, approved the issuance and distribution of one share of the Company's authorized but unissued Common stock in respect of each share of its presently issued Common stock. The distribution of these additional shares was made on December 10, 1959 to stockholders of record at the close of business on November 20, 1959. The distribution was in the nature of a 100% stock dividend.

The Company is on a regular 32½ cents per share quarterly cash dividend basis on the shares now issued and outstanding.

FINANCIAL POSITION STRONG

Your Company continues to have a strong financial position. The following analysis indicates the principal sources and use of the Company's funds during the year:

Funds were provided by:

Net income for the year.....	\$2,923,571
Add—Non-cash costs in current year:	
Amortization	2,732,743
Depreciation	609,960
Miscellaneous additions	277,609
	<u>6,543,883</u>

Funds were used to:

Add to advertising display plant.....	3,206,620
Add to physical properties.....	2,320,955
Pay dividends on common stock.....	1,465,287
Reduce long term bank loans.....	500,000
Invest in affiliated companies and wholly owned	
Mexican subsidiary company.....	840,798
Add to neon signs under rental contract.....	263,944
	<u>8,597,604</u>

Decrease in working capital.....	<u>\$2,053,721</u>
----------------------------------	--------------------

Net current assets or working capital decreased \$2,053,721. The total working capital at December 31, 1959 was \$5,029,799.

Total current assets amounted to \$10,443,724 and current liabilities were \$5,413,925.

ADDITIONS TO PERMANENT ASSETS

Your Company had a year of record breaking activity in real estate, both in Canada and in the United States. Advertising Display Plant expenditures were also increased. A table showing the net addition in the various fixed asset accounts follows:

Land and Buildings	\$ 451,380
Advertising Display Plant	2,317,898
Machinery and Equipment	722,732

TAXES

Depreciation and Amortization Provided..... 3,342,703

Taxes of all kinds incurred for the year were \$2,901,744. Federal taxes on income were \$2,020,000. Social Security taxes were \$342,829. Taxes on real estate, personal property, state income and franchise taxes, and other taxes amounted to \$538,915.

The total direct tax burden, which does not include any of the many indirect taxes the Company has paid in the ordinary course of business, amounted to \$2.42 per share on the new basis.

ACQUISITIONS

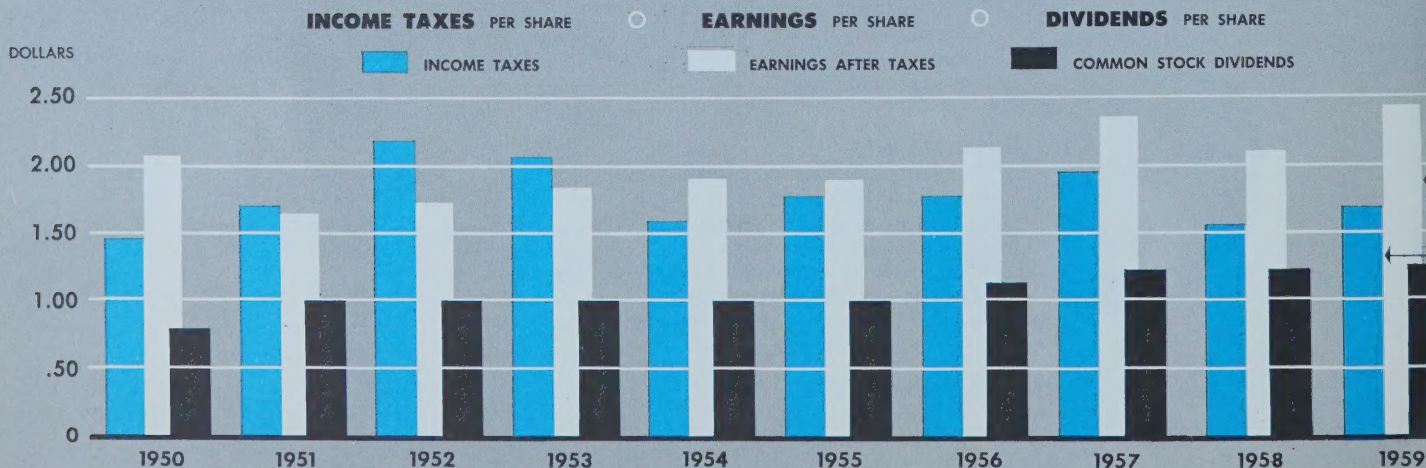
General Outdoor is now pre-eminent in outdoor advertising on the North American Continent. Last September I advised our stockholders that your Company had acquired all of the outstanding shares of Vendor S.A. of Mexico City, D.F., the largest outdoor advertising company in Mexico, which operates in principal Mexican cities including Mexico City, Guadalajara and Monterrey. It is contemplated that substantial funds will be required in the next few years to develop a modern outdoor advertising service in Mexico. It so happens that at the present time Mexico does not have available a standardized poster advertising service and our entry into this country offers a great opportunity to General Outdoor.

In addition Claude Neon General Advertising, Ltd. acquired a substantial interest in Neon Sales and Service, Calgary, Alberta, as a further expansion of our Canadian operations.

FEDERAL HIGHWAY ACT

The Federal Highway Act signed into law on September 21, 1959 by President Eisenhower contains a section remarkably similar to General Outdoor Advertising Company's long term policy of erecting outdoor advertising structures only in areas zoned for business or obviously of a business character.

Briefly, as applied to outdoor advertising, the act provides that agreements entered into between the Secretary of Commerce and State Highway Departments with respect to the location of outdoor advertising displays shall not apply to those segments of the Interstate System which are zoned commercial or industrial within existing corporate limits of municipalities and other areas traversed by the Interstate System where the land use is clearly established by State law as industrial or commercial.



Above figures are adjusted to reflect 100% stock dividend distributed December 10, 1959.

RESEARCH

Over four years of research, involving the analysis of some three million automobile license plates, has resulted in an exciting new measurement of the market coverage delivered by Poster Advertising. Traffic counts have always provided us with a very basic measurement but they did not indicate the number of different households reached and how quickly and how frequently they were reached. Because the outdoor audience is mobile the answer could only be determined by recording the license numbers of automobiles passing outdoor panels.

Since buying power is on wheels it is traced by identifying the origin and household of each car passing an outdoor panel. When these license numbers are transposed to punch cards, modern computing machines reject repeats and the number of different cars in the traffic stream is then determined. These studies and data in thirteen markets developed a coverage curve. A complete study was then made in our Indianapolis market which confirmed the original methods and findings. Now our medium has mathematically sound coverage curves. With this method it is now possible to determine for each General Outdoor market the number of households reached and the frequency with which the posters in a showing are viewed monthly.

These research studies are now being effectively used and are attracting new advertisers to our medium of advertising.

PERSONNEL

It is with profound sorrow that we record the passing July 28, 1959 of Ulick H. Burke, a director of the Company since July 10, 1947. He served the Company and its predecessors in many executive capacities over his 48 years in the business. He resigned as GOA's Vice President in Charge of Branch Operations in 1957 but continued as a director until his death.

Joseph J. Hail in charge of the Company's Eastern Region was elected a Vice President on July 21, 1959, and on October 22, he was elected a Director to fill the unexpired term in the Class of 1961. Mr. Hail brings to the Board 33 years of experience in outdoor advertising having served in sales, operations and administration successively at Oklahoma City, Jacksonville, Dayton, Louisville and Richmond branches.

Your management gratefully acknowledges the continuing confidence and support of our over 3900 shareholders and extends a special word of thanks to the many shareholders who wrote, telephoned, attended our stockholders meeting or visited us in 1959. Your interest in the Company and its affairs is gratifying and helpful and we hope you will continue to give us the benefit of your suggestions and comments during 1960.

The abilities and skills of the more than two thousand eight hundred individuals who comprise the GOA family, hundreds of whom are GOA stockholders, remain the Company's principal asset. We thank them for their loyalty and untiring efforts.

To our more than 10,000 customers on the North American Continent whose support and cooperation helped make 1959 another successful year, we are sincerely appreciative.

Never before have there been so many dynamic forces stimulating to outdoor advertising. Population explosions, bigger family incomes, an expanding economy and the development of new products are signs of the surging times. Looking ahead we anticipate a period in which your Company will continue to grow and prosper.



President

IN CONCLUSION

ACCOUNTANT'S REPORT . . .

To the Board of Directors of
GENERAL OUTDOOR ADVERTISING CO., INC.

In our opinion, based on our examination and on the reports of another accountant as to Canadian subsidiaries, the accompanying statements present fairly the financial position of GENERAL OUTDOOR ADVERTISING CO., INC., and its consolidated subsidiaries at December 31, 1959, and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

Chicago, Illinois
February 9, 1960

STATEMENT OF INCOME and RETAINED EARNINGS for the years 1959 and 1958 . . .

	1959	1958
Revenues	\$41,781,699	\$39,829,851
Other income—(including gain on disposal of properties of \$700,799 and \$229,510 respectively)	1,202,480	524,975
	<u>42,984,179</u>	<u>40,354,826</u>
<i>Less:</i>		
Operating, selling and administrative expenses.....	34,697,905	32,675,021
Provision for amortization of display plant.....	2,732,743	2,687,286
Provision for depreciation.....	609,960	572,049
	<u>38,040,608</u>	<u>35,934,356</u>
	4,943,571	4,420,470
Federal and Canadian taxes on income.....	2,020,000	1,894,000
Net income for the year.....	2,923,571	2,526,470
Earnings retained at beginning of year.....	17,680,546	16,477,846
Undistributed earnings of Old Colony Advertising Company at January 1, 1958 (Note 3)	—	103,010
	<u>20,604,117</u>	<u>19,107,326</u>
<i>Deduct:</i>		
Stock distribution of one additional share for each share outstanding, or 600,000 shares at \$15 par value.....	9,000,000	—
Dividends paid in cash (on the basis of shares now outstanding)—		
1959—\$1.225 per share	1,465,287	
1958—\$1.20 per share		1,426,780
Earnings retained at end of year.....	<u>\$10,138,830</u>	<u>\$17,680,546</u>

STATEMENT OF FINANCIAL POSITION

GENERAL OUTDOOR ADVERTISING

ASSETS	December 31,	
	1959	1958
CURRENT AND WORKING ASSETS:		
Cash	\$ 2,018,195	\$ 3,460,115
U. S. and Canadian Government and other marketable securities, at cost.....	316,790	318,406
Notes and accounts receivable.....	3,313,485	3,046,233
Cost of advertising displays and commercial work allocable to future revenues.....	1,422,928	1,266,840
Materials and supplies, at cost.....	1,595,780	1,229,579
Prepaid lease rentals, insurance, etc.	1,776,546	1,492,592
	<u>\$10,443,724</u>	<u>\$10,813,765</u>
INVESTMENTS IN AND ADVANCES TO AFFILIATED COMPANIES AND WHOLLY OWNED MEXICAN SUBSIDIARY COMPANY (not consolidated):		
At cost, less adjustments made in prior years. Equity in net assets \$1,395,977 in 1959 and \$990,000 in 1958.....	997,581	156,783
OTHER ASSETS:		
Sundry investments, at cost or less.....	264,609	261,182
Receivable from officers and employees under stock purchase plans (secured by pledge of shares purchased).....	507,619	446,253
Mortgage notes and other long-term receivables.....	631,802	244,000
Unamortized cost of neon signs under rental contracts.....	836,034	572,090
ADVERTISING DISPLAY PLANT (at approximate cost, less amortization of \$15,313,749 in 1959 and \$13,896,913 in 1958).....	12,233,116	11,332,054
REAL ESTATE MACHINERY AND EQUIPMENT, etc. (principally at cost, less depreciation of \$4,762,799 in 1959 and \$4,390,629 in 1958).....	9,627,850	8,825,908
PATENTS AND COPYRIGHTS.....	1	1
	<u>\$35,542,336</u>	<u>\$32,652,036</u>

December 31, 1959 and December 31, 1958

CO., INC. and consolidated subsidiaries

LIABILITIES AND STOCKHOLDERS' INVESTMENTS	December 31,	
	1959	1958
CURRENT LIABILITIES:		
Notes payable	\$ 573,465	\$ —
Current instalments on long term debt	250,000	—
Accounts payable	1,178,323	789,055
Wages, general taxes, rents, etc.	1,784,703	1,365,922
Federal and Canadian taxes on income	1,627,434	1,575,268
	<u>5,413,925</u>	<u>3,730,245</u>
Long-Term Debt (less current installments included above) (Note 1)	1,839,576	2,250,000
Minority interest in consolidated subsidiary companies	164,440	178,202
STOCKHOLDERS' INVESTMENT:		
Common Stock—\$15 par value—		
Authorized 2,000,000 shares, issued 1,200,000 shares at December 31, 1959 (Note 2) ..	18,000,000	9,000,000
Retained Earnings (Note 1)	10,138,830	17,680,546
	<u>28,138,830</u>	<u>26,680,546</u>
Less—Common stock in treasury, at cost—		
701 shares in 1959 and 5,507 shares in 1958	14,435	186,957
	<u>28,124,395</u>	<u>26,493,589</u>
	<u>\$35,542,336</u>	<u>\$32,652,036</u>

NOTES TO FINANCIAL STATEMENTS:

- (1) Included in long-term debt is \$1,750,000 of 4¾% instalment notes payable to banks which mature semi-annually in seven equal amounts of \$250,000 each commencing June 15, 1961. Another \$250,000 of these notes due December 15, 1960 has been included with current instalments on long-term debt. Under the terms of the loan agreements, cash dividends are limited to earnings of the parent company subsequent to December 31, 1956 plus \$1,500,000 and accordingly \$4,047,220 of retained earnings at December 31, 1959 are restricted as to payment of such dividends.
- (2) By approval of the stockholders of the company on April 8, 1959, the number of shares of authorized Common Stock—\$15 par value, was increased from 957,615 to 2,000,000.
- (3) Old Colony Advertising Company was liquidated in 1958 and merged into the company.

THE PEOPLE'S ART GALLERY . . .



FIT FOR A QUEEN

Outdoor Advertising is "The People's Art Gallery." It is a visual and colorful form of advertising art which generates its own interest and is visible to millions of people who never visit an art museum.

It was many years ago that outdoor advertising was first called "The People's Art Gallery" and it is more so today because General Outdoor, knowing the importance of faithful reproduction in handling illustrations, employs European-trained mural and fresco artists from all parts of the world. Under these masters General Outdoor makes outdoor displays a fine art and whether the display advertises a customer's product, supports a worthwhile cause or salutes a visiting personage, the reproduction is a masterpiece—fit for a queen or a chief of state.

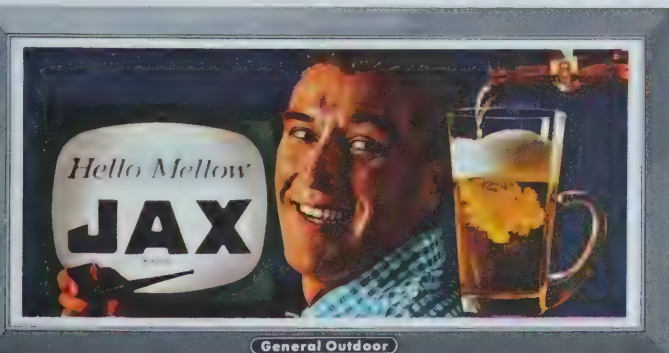
When Queen Elizabeth of England and also when President Adolfo Lopez Mateos of Mexico visited Chicago, General Outdoor pictorial masters painted the outdoor displays shown here. Outstanding displays like these and the poster prize winners shown below are regularly displayed in The People's Art Gallery.

FIT FOR A CHIEF OF STATE

PRIZE WINNING DESIGNS
1959 Annual Exhibition of
Outdoor Advertising Art...



FIRST GRAND AWARD



SECOND GRAND AWARD



THIRD GRAND AWARD

BUILDING A BETTER UNDERST

General Outdoor is pre-eminent in outdoor advertising because whenever and wherever an advertiser buys General Outdoor service there is only one standard—the highest.

Keeping an awareness of GOA quality service alive is a constant responsibility. It is a story we tell over and over again through advertising in influential advertising and trade publications



You can
bet 'em on
General Outdoor

You can't lose! First of all, General Outdoor's larger plant size and greater individuality of panels give the kind of penetration and coverage it takes to deliver customers. And what's more, you get audited circulation figures to prove it! On all this, and much

more, you can bet your boots.

When you buy General Outdoor plants, you buy with confidence. Promise matches performance—as thousands of satisfied advertisers will testify. For details, call your local GOA office or write to us in Chicago.



Covers 1700 Leading Cities and Towns

General Outdoor Advertising Co.

515 South Loomis Street, Chicago 7, Illinois

DING OF GENERAL OUTDOOR

such as Advertising Age, Printers' Ink, Sales Management, Media/Scope, Automotive News, and Food Field Reporter. These publications reach an audience of vital importance—the advertising buyers and advertising agency executives.

Here are two of our recent advertisements. We believe you will find them informative and interesting.



We know good service means good business...

Extra service, extra concern for the customer is good business in any business. In outdoor advertising, it's good for *your* business. General Outdoor Advertising service protects your advertising investment. Handsome trim and meticulous upkeep *continually* show your message at its best. And GOA provides a showing tailored to your selling problem, with *audited* circulation figures. Skilled traffic experts serve you from every GOA office. Creative or merchandising help is always available.

We *believe* in giving superior service because we know it means better business for you. Call your local GOA office or write us in Chicago.



Covers 1700 Leading Cities and Towns

General Outdoor Advertising Co.

515 South Loomis Street, Chicago 7, Illinois



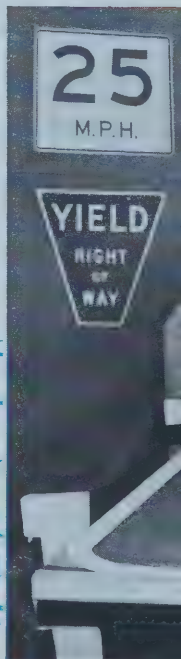
OUR NEW HIGHWAY IDENTIFICATION

A new department established in 1959 has already produced a million dollars in revenue for 1960. It is the Highway Identification Division. This division specializes in signs sold to state and local governments which identify the nation's mushrooming toll-roads and expressways.

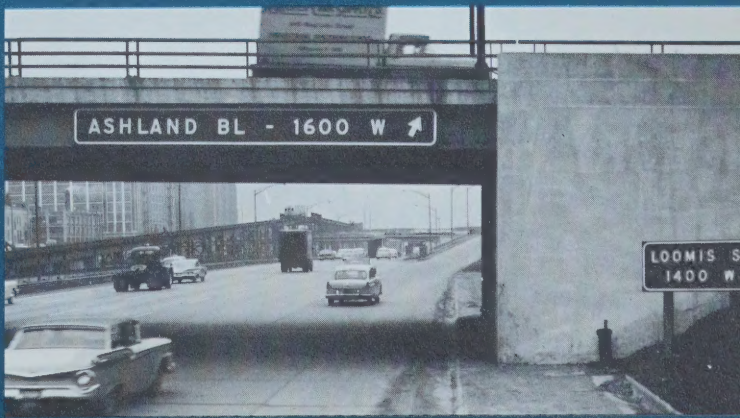
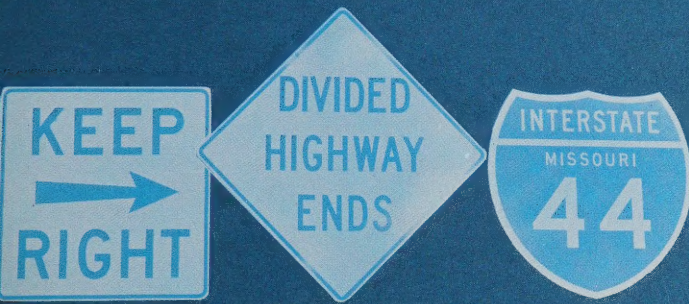
The photos here show the type of work of this division. The states for which this division has contracts to furnish and erect identification and traffic control signs are: New York, New Jersey, New Hampshire, Massachusetts, Colorado, Ohio, Louisiana and North Carolina.

One contract nearing completion is the sign identification of the Congress Street Expressway extending thru Chicago and its western suburbs.

This new division has made a good start and with the country's proposed 41,000 mile Interstate Highway System only in its infancy our entry in this field offers a great opportunity to General Outdoor.



ON DIVISION...



GOA LAND . . .

When your Company expanded its operation in Canada in 1957 it became the largest outdoor advertising company north of the border. In 1959 it became the foremost outdoor advertising Company south of the border when it acquired the Vendor Co. S.A. with headquarters in Mexico City. GOA already was pre-eminent in the United States. Today your Company delivers outdoor advertising service in some 1800 cities and towns including the most important cities in the United States, Canada and Mexico.

The extent of GOA land is visualized here. The map indicates branch operating centers and the pictures highlight in a graphic and exciting manner the geographical diversification of your Company and its subsidiaries.



IZE TOO!





*\$*tatement of Company Policy

Outdoor advertising structures will be erected only in such districts or areas which are zoned for business or are obviously of a business character.

GENERAL OUTDOOR ADVERTISING CO., INC.